

Message Text

PAGE 01 BONN 15825 01 OF 02 011819Z

46
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
----- 006558

R 011809Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8474
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS
USMISSION EC BRUSSELS

S E C R E T SECTION 01 OF 02 BONN 15825

EXDIS

E.O. 11652: XGDS
TAGS: ENRG
SUBJECT: EUROPE, THE ARABS AND OIL

1. SUMMARY. WITH THEIR SCHEDULE OF MASSIVE AND CONTINUOUS CUTS IN PETROLEUM DELIVERIES TO WEST EUROPE, THE ARAB OIL PRODUCERS HAVE STARTED A DANGEROUS GAME THAT THEY MAY BE ABLE TO COMPLETE SUCCESSFULLY ONLY IF MID-EAST PEACE NEGOTIATIONS COME TO A PROMPT CONCLUSION. HOPEFULLY EUROPE'S INITIALLY COMPLIANT REACTION TO ARAB PRESSURE WILL NOT DECEIVE SADAT AND FAISAL INTO THINKING THEY CAN HOLD THIS COURSE EVEN THROUGH PROTRACTED NEGOTIATIONS. GIVEN POLITICAL DISARRAY AND SOME "I'M ALL RIGHT JACK-ISM" IN THE UK AND FRANCE, THE IMMEDIATE PROSPECT IS FOR MORE UNCOORDINATED, EVEN-BEGGAR-MY-NEIGHBOR TYPE NATIONAL ADJUSTMENTS TO EUROPE'S PETROLEUM PLIGHT. BUT AS SOME POINT, EUROPE WILL COME TO THE CONCLUSION THAT A TIGHTENING ARAB STRANGLEHOLD IS INTOLERABLE. AT THAT POINT THE PROSPECT OF SHARP AND SUDDEN EUROPEAN REACTION, -- FREEZING OF ARAB ASSETS, EVEN DIRECT ACTION -- SHOULD NOT BE EXCLUDED. END SUMMARY.

SECRET

PAGE 02 BONN 15825 01 OF 02 011819Z

ARY.

2. AS JAMIESON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF EXXON, RECOUNTED IN A MEETING WITH THE AMBASSADOR OCT.

31, KING FAISAL HAS MADE A MISTAKE IN TYING THE ARAB OIL PRODUCTION CUTBACKS TO A SPECIFIC POLITICAL SITUATION, INSTEAD OF A CEASEFIRE OR A VAGUER POLITICAL OBJECTIVE. HE HAS THUS CREATED A SITUATION IN WHICH IT WILL BE FOR

DIFFICULT FOR HIM TO CALL OFF THE PRODUCTION CUTS BEFORE A NEGOTIATED MIDEAST SETTLEMENT IS CONCLUDED. HE HAS APPARENTLY EITHER DISCOUNTED THE PROSPECT OF PROTRACTED NEGOTIATIONS, ACCORDING TO JAMIESON, OR MISCALCULATED THE SECURITY

IMPLICATIONS OF EVENTUAL EUROPEAN REACTION TO THE EXTENDED PETROLEUM DELIVERY CUTBACKS. THERE MAY BE SOME POLITICAL CIRCUMSTANCES, SHORT OF A NEGOTIATED SETTLEMENT, WHICH WOULD PERMIT FAISAL TO BACK DOWN (JAMIESON MENTIONED 1) EARLIER AGREEMENT ON A SPECIFIC PIECE, E.G. INTERNATIONALIZATION OF JERUSALEM, OF AN EVENTUAL SETTLEMENT AND IDENTIFYING IT AS A FAISAL ACHIEVEMENT AND 2) A PLEA FROM SADAT TO FAISAL) BUT THESE ARE HARD TO JUDGE.

3. EUROPE'S INITIAL REACTION TO ARAB PRESSURE HAS BEEN A COMPLIANT POLITICAL RESPONSE AND, AS JAMIESON SEES IT A STRAINED ATTEMPT TO AVOID FACING UP TO EFFECTS OF THE OIL CUTBACKS. THERE APPEARS TO BE AN ATTITUDE IN LONDON AND PARIS THAT THE OIL CUTBACKS ARE GOING TO HIT MAINLY OTHER EUROPEANS. THE REMAINING EC COUNTRIES ARE PROBABLY MOVING TOWARD A CHAIN REACTION OF UNCOORDINATED AND ALLY SELF-DEFEATING NATIONAL MEASURES ON CONT-

SECRET

PAGE 01 BONN 15825 02 OF 02 011819Z

44
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
----- 006565
R 011809Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8475
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS
USMISSION EC BRUSSELS

S E C R E T SECTION 02 OF 02 BONN 15825

EXDIS

ROLLING EXPORTS AND CONSUMPTION WHICH WILL SPREAD THE SHORTAGE PROBLEM VERY UNEVENLY. EVEN IN THE FRG, WHICH

MAY WELL BE HIT HARDEST BY SUCH A CHAIN OF EVENTS, THE POLITICAL AND PUBLIC CLIMATE IS NOT YET READY FOR A COORDINATED EUROPEAN POSITION OR EVEN INVOCATION OF THE OECD EUROPEAN SHARING ARRANGEMENT.

4. CHANCELLORY ASSISTANT SECRETARY LAHNSTEIN HAS TOLD US PRIVATELY HE WELCOMES A SUPPLY CRISIS IN EUROPE AND PROBABLE FOLLOWING DISARRAY OF NATIONAL MEASURES SINCE HE BELIEVES THIS IS A NECESSARY STAGE TO GO THROUGH IN ORDER TO ARRIVE AT THE FINAL POSTURE HE WANTS -- A CO-ORDINATED HARD LINE WHICH THREATENS TO COUNTER ARAB ECONOMIC AGGRESSION IN LIKE MEASURE. LAHNSTEIN CITED THAT THE PRESENT PASSIVE EUROPEAN ATTITUDE TO A SQUEEZE ON ITS LIFELINE ONLY FEEDS ARAB APPETITE FOR BLACKMAIL AND THE EUROPEANS NEED TO GET OVER IT AS SOON AS POSSIBLE.

5. THE ARABS MAY NOT BE HEARING THIS MESSAGE AND MAY FIND IT HARD TO BELIEVE IN LIGHT OF THE SOUNDS THEY ARE HEARING FROM EUROPE NOW. BUT IT IS LOGICAL ENOUGH THAT A PROTRACTED TIGHTENING SQUEEZE ON EUROPE'S ENERGY LIFE-LINE IS GOING TO CAUSE INTOLERABLE ECONOMIC DISRUPTION

SECRET

PAGE 02 BONN 15825 02 OF 02 011819Z

AND SOCIAL DISLOCATION. THERE IS NO REASONABLE CONSUMPTION ADJUSTMENT TO A CONTINUAL 5 PERCENT CUT IN OIL DELIVERIES. AS THIS POINT OF CRISIS HOVES STARKLY INTO SIGHT, THE PROSPECT OF A SHARP AND SUDDEN EUROPEAN REACTION CANNOT BE EXCLUDED -- MOST OF ALL BY THE ARABS. A PARTIAL ECONOMIC BLOCKADE OF EUROPE COULD BE CONSIDERED JUSTIFICATION FOR FREEZING OF ARAB ASSETS OR A SHIPPING EMBARGO. MORE HOSTILE ACTION WAS TAKEN AT THE TIME OF SUEZ -- A DIFFERENT POINT IN HISTORY, BUT UNDER LESS PROVOCATION.

HILLENBRAND

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptoning: Z
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, ITINERARY, PEACE PLANS, NEGOTIATIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 01 NOV 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: mcintyresh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN15825
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 XGDS
Errors: n/a
Film Number: P750023-1509
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731166/abqceegr.tel
Line Count: 146
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN BONN
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: mcintyresh
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12-Jul-2001 by boyleja>; RELEASED <16-Jul-2001 by mcintyresh>; APPROVED <16-Jul-2001 by mcintyresh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EUROPE, THE ARABS AND OIL
TAGS: ENRG, US, GE
To: STATE INFO LONDON
PARIS
ROME
THE HAGUE
OECD PARIS
EC BRUSSELS
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005